Kocher Rollin
Form 4
February 12, 2018

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Kocher Rollin

(Last) (First) (Middle)

C/O NANOMETRICS, INCORPORATED, 1550 BUCKEYE DRIVE

(Street)

MILPITAS, CA 95035

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NANOMETRICS INC [NANO]

3. Date of Earliest Transaction (Month/Day/Year)
02/08/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, Sales and Marketing

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/08/2018		M		617	A	$ 0	28,331	D	
Common Stock	02/08/2018		S		1,807	D	$ 24.54	26,524	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Performance Stock Unit	(1)	02/08/2018		M			617	(1)	02/08/2020	Common Stock	617

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kocher Rollin C/O NANOMETRICS, INCORPORATED 1550 BUCKEYE DRIVE MILPITAS, CA 95035			SVP, Sales and Marketing	

Signatures

/s/ Janet Taylor, Attorney-in-Fact	02/12/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares are represented by performance stock units. Each performance stock unit represents a contingent right to receive one share of NANO common stock. The performance stock units vest on an annual basis, in equal 1/3rd target increments, over a three-year period, provided that certain price performance targets are met. 2/3rds will vest for each increment if target price performance is met for that increment and 100% will vest if maximum price performance is met for that increment.

(2) Total reflects 1,333 shares forfeited due to performance measures having not been met.

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1,239

	16,611
Other bonds and obligations	
	3,084
	3,084
Marketable equity securities	
	20,891
	357
	725
	21,973
Loans Held for Sale	
	15,840

15,840

Derivative assets

242

7,799

277

8,318

Derivative liabilities

11,964

11,964

There were no transfers between levels during the three months ended March 31, 2014 or 2013.

Trading Security at Fair Value. The Company holds one security designated as a trading security. It is a tax advantaged economic development bond issued to the Company by a local nonprofit which provides wellness and health programs. The determination of the fair value for this security is determined based on a discounted cash flow methodology. Certain inputs to the fair value calculation are unobservable and there is little to no market activity in the security; therefore, the security meets the definition of a Level 3 security. The discount rate used in the valuation of the security is sensitive to movements in the 3-month LIBOR rate.

Securities Available for Sale. AFS securities classified as Level 1 consist of publicly-traded equity securities for which the fair values can be obtained through quoted market prices in active exchange markets. AFS securities classified as Level 2 include most of the Company s debt securities. The pricing on Level 2 was primarily sourced from third party pricing services, overseen by management, and is based on models that consider standard input factors such as dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond s terms and condition, among other things. The Company holds one pooled trust preferred security and one privately owned equity security. Both securities fair values are based on unobservable issuer-provided financial information and the pooled security also utilizes discounted cash flow models derived from the underlying structured pool and therefore both are classified as Level 3.

Loans held for sale. The Company elected the fair value option for all loans held for sale (HFS) originated on or after May 1, 2012. Loans HFS are classified as Level 2 as the fair value is based on input factors such as quoted prices for similar loans in active markets.

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March 31, 2014

(In thousands)	Aggregate Fair Value	Aggregate Unpaid Principal	Aggregate Fair Value Less Aggregate Unpaid Principal
Loans Held for Sale	$ 7,669	$ 7,430	$ 239

December 31, 2013

(In thousands)	Aggregate Fair Value	Aggregate Unpaid Principal	Aggregate Fair Value Less Aggregate Unpaid Principal
Loans Held for Sale	$ 15,840	$ 15,641	$ 199

The changes in fair value of loans held for sale for the three months ended March 31, 2014, were gains of $40 thousand. The changes in fair value of loans held for sale were losses of $1.0 million for the three months ended March 31, 2013. The changes in fair value are included in mortgage banking income in the Consolidated Statements of Income.

Derivative Assets and Liabilities.

Interest Rate Swap. The valuation of the Company s interest rate swaps is obtained from a third-party pricing service and is determined using a discounted cash flow analysis on the expected cash flows of each derivative. The pricing analysis is based on observable inputs for the contractual terms of the derivatives, including the period to maturity and interest rate curves.

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings.

Although the Company has determined that the majority of the inputs used to value its interest rate derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of March 31, 2014, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Interest Rate Lock Commitments. The Company enters into IRLCs for residential mortgage loans, which commit the Company to lend funds to a potential borrower at a specific interest rate and within a specified period of time. The estimated fair value of commitments to originate residential mortgage loans for sale is based on quoted prices for similar loans in active markets. However, this value is adjusted by a factor which considers the likelihood that the loan in a lock position will ultimately close, and by the non-refundable costs of originating the loan. The closing ratio is derived from the Bank s internal data and is adjusted using significant management judgment. The costs to originate are primarily based on the Company s internal commission rates that are not observable. As such, IRLCs are classified as Level 3 measurements.

Forward Sale Commitments. The Company utilizes forward sale commitments as economic hedges against potential changes in the values of the IRLCs and loans held for sale. To Be Announced (TBA) mortgage-backed securities forward commitment sales are used as the hedging instrument, are classified as Level 1, and consist of publicly-traded debt securities for which identical fair values can be obtained through quoted market prices in active exchange markets. The fair values of the Company s best efforts and mandatory delivery loan sale commitments are determined similarly to the IRLCs using quoted prices in the market place that are observable. However, costs to originate and closing ratios included in the calculation are internally generated and are based on management s judgment and prior experience, which are considered factors that are not observable. As such, best efforts and mandatory forward commitments are classified as Level 3 measurements.

The table below presents the changes in Level 3 assets and liabilities that were measured at fair value on a recurring basis for the three months ended March 31, 2014 and March 31, 2013.

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(In thousands)	Assets (Liabilities) Trading Security	Securities Available for Sale	Interest Rate Lock Commitments	Forward Commitments
Three Months Ended March 31, 2014				
Balance as of December 31, 2013	$ 14,840	$ 1,964	$ 258	$ 19
Purchase of Marketable Equity Security				
Unrealized (loss) gain, net recognized in other non-interest income	218		719	(115)
Unrealized gain included in accumulated other comprehensive loss		82		
Paydown of trading security	(135)			
Transfers to held for sale loans			(600)	
Balance as of March 31, 2014	$ 14,923	$ 2,046	$ 377	$ (96)
Unrealized gains (losses) relating to instruments still held at March 31, 2014	$ 1,962	$ (1,288)	$ 377	$ (96)

(In thousands)	Assets (Liabilities) Trading Security	Securities Available for Sale	Interest Rate Lock Commitments	Forward Commitments
Three Months Ended March 31, 2013				
Balance as of December 31, 2012	$ 16,893	$ 885	$ 6,258	$ (1,055)
Greenpark Acquisition		770		
Unrealized (loss) gain recognized in other non-interest income	(280)		3,998	538
Unrealized loss included in accumulated other comprehensive loss		13		
Paydown of trading security	(128)			
Transfers to held for sale loans			(7,498)	
Balance as of March 31, 2013	$ 16,485	$ 1,668	$ 2,758	$ (517)
Unrealized gains (losses) relating to instruments still held at March 31, 2013	$ 3,004	$ (1,704)	$ 2,758	$ (517)

Quantitative information about the significant unobservable inputs within Level 3 recurring assets and liabilities is as follows:

(In thousands)	Fair Value March 31, 2014	Valuation Techniques	Unobservable Inputs	Significant Unobservable Input Value
Assets (Liabilities)				
Trading Security	$ 14,923	Discounted Cash Flow	Discount Rate	3.14%
Forward Commitments	(96)	Historical Trend	Closing Ratio	93.06%
		Pricing Model	Origination Costs, per loan	$ 2,500
Interest Rate Lock Commitment	377	Historical Trend	Closing Ratio	93.06%
		Pricing Model	Origination Costs, per loan	$ 2,500

Total	$	15,204				

(In thousands)	Fair Value December 31, 2013		Valuation Techniques	Unobservable Inputs	Significant Unobservable Input Value	
Assets (Liabilities)						
Trading Security	$	14,840	Discounted Cash Flow	Discount Rate		3.39%
Forward Commitments		19	Historical Trend	Closing Ratio		94.83%
			Pricing Model	Origination Costs, per loan	$	2,500
Interest Rate Lock Commitment		258	Historical Trend	Closing Ratio		94.83%
			Pricing Model	Origination Costs, per loan	$	2,500
Total	$	15,117				

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Non-recurring fair value measurements

The Company is required, on a non-recurring basis, to adjust the carrying value or provide valuation allowances for certain assets using fair value measurements in accordance with GAAP. The following is a summary of applicable non-recurring fair value measurements. There are no liabilities measured at fair value on a non-recurring basis.

(In thousands)	March 31, 2014 Level 3 Inputs	December 31, 2013 Level 3 Inputs	Three months ended March 31, 2014 Total Gains (Losses)
Assets			
Impaired loans	$ 5,557	$ 5,542	$ 15
Capitalized mortgage servicing rights	3,922	4,112	
Other real estate owned	2,418	2,995	(208)
Total	$ 11,897	$ 12,649	$ (193)

Quantitative information about the significant unobservable inputs within Level 3 non-recurring assets is as follows:

(in thousands)	Fair Value March 31, 2014	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (a)
Assets				
Impaired loans	$ 5,557	Fair value of collateral	Loss severity	5.28% to 100.0% (80.34%)
			Appraised value	$0 to $690.0 $(389.5)
Capitalized mortgage servicing rights	3,922	Discounted cash flow	Constant prepayment rate (CPR)	6.7% to 17.45% (8.45%)
			Discount rate	10.00% to 13.00% (10.36%)
Other real estate owned	2,418	Fair value of collateral	Appraised value	$0 to $774.0 $(449.5)
Total	$ 11,897			

(a) Where dollar amounts are disclosed, the amounts represent the lowest and highest fair value of the respective assets in the population except for adjustments for market/property conditions, which represents the range of adjustments to individuals properties.

(in thousands)	Fair Value December 31, 2013	Valuation Techniques	Unobservable Inputs	Range (Weighted Average) (a)
Assets				
Impaired loans	$ 5,542	Fair value of collateral	Loss severity	4.2% to 100.0% (57.41%)
			Appraised value	$0 to $900.0 $(505.4)
Capitalized mortgage servicing rights	4,112	Discounted cash flow	Constant prepayment rate (CPR)	6.96% to 15.97% (8.58%)
			Discount rate	10.00% to 13.00% (10.34%)

Other real estate owned		2,995	Fair value of collateral	Appraised value	$0 to $774.0 $(413.4)
Total	$	12,649			

(a) Where dollar amounts are disclosed, the amounts represent the lowest and highest fair value of the respective assets in the population except for adjustments for market/property conditions, which represents the range of adjustments to individuals properties.

There were no Level 1 or Level 2 nonrecurring fair value measurements for the periods ended March 31, 2014 and December 31, 2013.

Impaired Loans. Loans are generally not recorded at fair value on a recurring basis. Periodically, the Company records non-recurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Non-recurring adjustments can also include certain impairment amounts for collateral-dependent loans calculated when establishing the allowance for credit losses. Such amounts are generally based on the fair value of the underlying collateral supporting the loan and, as a result, the carrying value of the loan less the calculated valuation amount does not necessarily represent the fair

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value of the loan. Real estate collateral is typically valued using appraisals or other indications of value based on recent comparable sales of similar properties or assumptions generally observable in the marketplace. However, the choice of observable data is subject to significant judgment, and there are often adjustments based on judgment in order to make observable data comparable and to consider the impact of time, the condition of properties, interest rates, and other market factors on current values. Additionally, commercial real estate appraisals frequently involve discounting of projected cash flows, which relies inherently on unobservable data. Therefore, nonrecurring fair value measurement adjustments that relate to real estate collateral have generally been classified as Level 3. Estimates of fair value for other collateral that supports commercial loans are generally based on assumptions not observable in the marketplace and therefore such valuations have been classified as Level 3.

Capitalized mortgage loan servicing rights. A loan servicing right asset represents the amount by which the present value of the estimated future net cash flows to be received from servicing loans exceed adequate compensation for performing the servicing. The fair value of servicing rights is estimated using a present value cash flow model. The most important assumptions used in the valuation model are the anticipated rate of the loan prepayments and discount rates. Adjustments are only recorded when the discounted cash flows derived from the valuation model are less than the carrying value of the asset. Although some assumptions in determining fair value are based on standards used by market participants, some are based on unobservable inputs and therefore are classified in Level 3 of the valuation hierarchy.

Other real estate owned (OREO). OREO results from the foreclosure process on residential or commercial loans issued by the Bank. Upon assuming the real estate, the Company records the property at the fair value of the asset less the estimated sales costs. Thereafter, OREO properties are recorded at the lower of cost or fair value less the estimated sales costs. OREO fair values are primarily determined based on Level 3 data including sales comparables and appraisals.

Summary of estimated fair values of financial instruments

The estimated fair values, and related carrying amounts, of the Company s financial instruments follow. Certain financial instruments and all non-financial instruments are excluded from disclosure requirements. Accordingly, the aggregate fair value amounts presented herein may not necessarily represent the underlying fair value of the Company.

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	March 31, 2014				
(In thousands)	**Carrying Amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets					
Cash and cash equivalents	$ 72,673	$ 72,673	$ 72,673	$	$
Trading security	14,923	14,923			14,923
Securities available for sale	1,033,637	1,033,637	33,790	997,801	2,046
Securities held to maturity	43,159	44,191			44,191
Restricted equity securities	53,124	53,124		53,124	
Net loans	4,209,025	4,274,758			4,274,758
Loans held for sale	7,669	7,669		7,669	
Accrued interest receivable	15,938	15,938		15,938	
Cash surrender value of bank-owned life insurance policies	102,343	102,343		102,343	
Derivative assets	10,311	10,311		9,934	377
Assets held for sale	4,018	4,018		4,018	
Financial Liabilities					
Total deposits	$ 4,218,583	$ 4,219,546		$ 4,219,546	$
Short-term debt	914,950	915,066		915,066	
Long-term Federal Home Loan Bank advances	21,797	23,472		23,472	
Subordinated borrowings	89,696	88,210		88,210	
Derivative liabilities	9,819	9,819	13	9,710	96
Liabilities held for sale	25,093	25,093		25,093	

	December 31, 2013				
(In thousands)	**Carrying Amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets					
Cash and cash equivalents	$ 75,539	$ 75,539	$ 75,539	$	$
Trading security	14,840	14,840			14,840
Securities available for sale	760,048	760,048	20,891	737,193	1,964
Securities held to maturity	44,921	45,764			45,764
Restricted equity securities	50,282	50,282		50,282	
Net loans	4,147,200	4,154,663			4,154,663
Loans held for sale	15,840	15,840		15,840	
Accrued interest receivable	15,072	15,072		15,072	
Cash surrender value of bank-owned life insurance policies	101,530	101,530		101,530	
Derivative assets	8,318	8,318	242	7,799	277
Assets held for sale	3,969	3,969		3,969	
Financial Liabilities					
Total deposits	$ 3,848,529	$ 3,848,926	$	$ 3,848,926	$
Short-term debt	872,510	872,545		872,545	
Long-term Federal Home Loan Bank advances	101,918	103,660		103,660	
Subordinated borrowings	89,679	87,882		87,882	

Derivative liabilities	11,964	11,964	11,964
Liabilities held for sale	24,834	24,834	24,834

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Other than as discussed above, the following methods and assumptions were used by management to estimate the fair value of significant classes of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents. Carrying value is assumed to represent fair value for cash and cash equivalents that have original maturities of ninety days or less.

Restricted equity securities. Carrying value approximates fair value based on the redemption provisions of the issuers.

Cash surrender value of life insurance policies. Carrying value approximates fair value.

Loans, net. The carrying value of the loans in the loan portfolio is based on the cash flows of the loans discounted over their respective loan origination rates. The origination rates are adjusted for substandard and special mention loans to factor the impact of declines in the loan s credit standing. The fair value of the loans is estimated by discounting future cash flows using the current interest rates at which similar loans with similar terms would be made to borrowers of similar credit quality.

Accrued interest receivable. Carrying value approximates fair value.

Deposits. The fair value of demand, non-interest bearing checking, savings and money market deposits is determined as the amount payable on demand at the reporting date. The fair value of time deposits is estimated by discounting the estimated future cash flows using market rates offered for deposits of similar remaining maturities.

Borrowed funds. The fair value of borrowed funds is estimated by discounting the future cash flows using market rates for similar borrowings. Such funds include all categories of debt and debentures in the table above.

Subordinated borrowings. The Company utilizes a pricing service along with internal models to estimate the valuation of its junior subordinated debentures. The junior subordinated debentures re-price every ninety days.

Off-balance-sheet financial instruments. Off-balance-sheet financial instruments include standby letters of credit and other financial guarantees and commitments considered immaterial to the Company s financial statements.

NOTE 15. NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES

Presented below is net interest income after provision for loan losses for the three months ended March 31, 2014 and March 31, 2013, respectively.

	Three Months Ended March 31,	
(In thousands)	**2014**	**2013**
Net interest income	$ 42,766	$ 41,937
Provision for loan losses	3,396	2,400
Net interest income after provision for loan losses	$ 39,370	$ 39,537

NOTE 16. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 12, 2014, the date the financial statements were issued, noting no events requiring disclosure.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management s discussion and analysis of financial condition and results of operations is intended to assist in understanding the financial condition and results of operations of the Company. The following discussion and analysis should be read in conjunction with the Company s consolidated financial statements and the notes thereto appearing in Part I, Item 1 of this document and with the Company s consolidated financial statements and the notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in the 2013 Annual Report on Form 10-K. In the following discussion, income statement comparisons are against the same period of the previous year and balance sheet comparisons are against the previous fiscal year-end, unless otherwise noted. Operating results discussed herein are not necessarily indicative of the results for the year 2014 or any future period. In management s discussion and analysis of financial condition and results of operations, certain reclassifications have been made to make prior periods comparable. Tax-equivalent adjustments are the result of increasing income from tax-advantaged securities by an amount equal to the taxes that would be paid if the income were fully taxable based on a 40.5% marginal income tax rate. In the discussion, references to earnings per share refer to diluted earnings per share unless otherwise specified.

Berkshire Hills Bancorp (Berkshire or the Company) is headquartered in Pittsfield, Massachusetts. Berkshire Hills Bancorp, Inc. is a Delaware corporation and the holding company for Berkshire Bank (the Bank) and Berkshire Insurance Group. Established in 1846, the Bank is a state chartered Massachusetts savings bank. The Bank is one of Massachusetts oldest and largest independent banks and is the largest banking institution based in Western Massachusetts. Berkshire Bank operates under the brand America s Most Exciting Bank®. For more information, visit www.berkshirebank.com or call 800-773-5601.

Berkshire is a regional financial services company that seeks to distinguish itself over the long term based on the following attributes:

- Strong growth from organic, de novo, product and acquisition strategies
- History of positive operating leverage contributing to historic growth in operating earnings
- Solid capital, core funding and risk management culture
- Experienced executive team focused on earnings and stockholder value
- Distinctive brand and culture as America s Most Exciting Bank®
- Diversified integrated financial service revenues
- Positioned to be regional consolidator in attractive markets

The Company s profile is as follows:

Explanation of Responses:

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this document that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (referred to as the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (referred to as the Securities Exchange Act), and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You can identify these statements from the use of the words may, will, should, could, would, pla potential, estimate, project, believe, intend, anticipate, expect, target and similar expressions. These forward-looking statements are significant risks, assumptions and uncertainties, including among other things, changes in general economic and business conditions, increased competitive pressures, changes in the interest rate environment, legislative and regulatory change, changes in the financial markets, and other risks and uncertainties disclosed from time to time in documents that Berkshire Hills Bancorp files with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and the Risk Factors in Item 1A of this report. Because of these and other uncertainties, Berkshire s actual results, performance or achievements, or industry results, may be materially different from the results indicated by these forward-looking statements. In addition, Berkshire s past results of operations do not necessarily indicate Berkshire s combined future results. You should not place undue reliance on any of the forward-looking statements, which speak only as of the dates on which they were made. Berkshire is not undertaking an obligation to update forward-looking statements, even though its situation may change in the future, except as required under federal securities law. Berkshire qualifies all of its forward-looking statements by these cautionary statements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, AND RECENT ACCOUNTING PRONOUNCEMENTS

The Company s significant accounting policies are described in Note 1 to the consolidated financial statements in this Form 10-Q and in the most recent Form 10-K. Please see those policies in conjunction with this discussion. The accounting and reporting policies followed by the Company conform, in all material respects, to accounting principles generally accepted in the United States and to general practices within the financial services industry. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial

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statements and accompanying notes. While the Company bases estimates on historical experience, current information and other factors deemed to be relevant, actual results could differ from those estimates.

The SEC defines critical accounting policies as those that require application of management s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in future periods. Please see those policies in conjunction with this discussion. Management believes that the following policies would be considered critical under the SEC s definition:

Allowance for Loan Losses. The allowance for loan losses represents probable credit losses that are inherent in the loan portfolio at the financial statement date and which may be estimated. Management uses historical information, as well as current economic data, to assess the adequacy of the allowance for loan losses as it is affected by changing economic conditions and various external factors, which may impact the portfolio in ways currently unforeseen. Although management believes that it uses appropriate available information to establish the allowance for loan losses, future additions to the allowance may be necessary if certain future events occur that cause actual results to differ from the assumptions used in making the evaluation. Conditions in the local economy and real estate values could require the Company to increase provisions for loan losses, which would negatively impact earnings.

Acquired Loans. Loans that the Company acquired in business combinations are initially recorded at fair value with no carryover of the related allowance for credit losses. Determining the fair value of the loans involves estimating the amount and timing of principal and interest cash flows initially expected to be collected on the loans and discounting those cash flows at an appropriate market rate of interest. Going forward, the Company continues to evaluate reasonableness of expectations for the timing and the amount of cash to be collected. Subsequent decreases in expected cash flows may result in changes in the amortization or accretion of fair market value adjustments, and in some cases may result in the loan being considered impaired. For collateral dependent loans with deteriorated credit quality, the Company estimates the fair value of the underlying collateral of the loans. These values are discounted using market derived rates of return, with consideration given to the period of time and costs associated with the foreclosure and disposition of the collateral.

Income Taxes. Significant management judgment is required in determining income tax expense and deferred tax assets and liabilities. The Company uses the asset and liability method of accounting for income taxes in which deferred tax assets and liabilities are established for the temporary differences between the financial reporting basis and the tax basis of the Company s assets and liabilities. The realization of the net deferred tax asset generally depends upon future levels of taxable income and the existence of prior years taxable income, to which carry back refund claims could be made. A valuation allowance is maintained for deferred tax assets that management estimates are more likely than not to be unrealizable based on available evidence at the time the estimate is made. In determining the valuation allowance, the Company uses historical and forecasted future operating results, based upon approved business plans, including a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations. These underlying assumptions can change from period to period. For example, tax law changes or variances in future projected operating performance could result in a change in the valuation allowance. Should actual factors and conditions differ materially from those considered by management, the actual realization of the net deferred tax asset could differ materially from the amounts recorded in the financial statements. If the Company is not able to realize all or part of its net deferred tax asset in the future, an adjustment to the deferred tax asset valuation allowance would be charged to income tax expense in the period such determination is made.

Goodwill and Identifiable Intangible Assets. Goodwill and identifiable intangible assets are recorded as a result of business acquisitions and combinations. These assets are evaluated for impairment annually or whenever events or changes in circumstances indicate the carrying value of these assets may not be recoverable. When these assets are evaluated for impairment, if the carrying amount exceeds fair value, an impairment charge is recorded to income. The fair value is based on observable market prices, when practicable. Other valuation techniques may be used when market prices are unavailable, including estimated discounted cash flows and market multiples analyses. These types of analyses contain uncertainties because they require management to make assumptions and to apply judgment to estimate industry economic factors and the profitability of future business strategies. In

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the event of future changes in fair value, the Company may be exposed to an impairment charge that could be material.

Determination of Other-Than-Temporary Impairment of Securities. The Company evaluates debt and equity securities within the Company s available for sale and held to maturity portfolios for other-than-temporary impairment (OTTI), at least quarterly. If the fair value of a debt security is below the amortized cost basis of the security, OTTI is required to be recognized if any of the following are met: (1) the Company intends to sell the security; (2) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis; or (3) for debt securities, the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. For all impaired debt securities that the Company intends to sell, or more likely than not will be required to sell, the full amount of the depreciation is recognized as OTTI through earnings. Credit-related OTTI for all other impaired debt securities is recognized through earnings. Noncredit related OTTI for such debt securities is recognized in other comprehensive income, net of applicable taxes. In evaluating its marketable equity securities portfolios for OTTI, the Company considers its intent and ability to hold an equity security to recovery of its cost basis in addition to various other factors, including the length of time and the extent to which the fair value has been less than cost and the financial condition and near term prospects of the issuer. Any OTTI on marketable equity securities is recognized immediately through earnings. Should actual factors and conditions differ materially from those expected by management, the actual realization of gains or losses on investment securities could differ materially from the amounts recorded in the financial statements.

Fair Value of Financial Instruments. The Company uses fair value measurements to record fair value adjustments to certain financial instruments and to determine fair value disclosures. Trading assets, securities available for sale, and derivative instruments are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, or to establish a loss allowance or write-down based on the fair value of impaired assets. Further, the notes to financial statements include information about the extent to which fair value is used to measure assets and liabilities, the valuation methodologies used and its impact to earnings. For financial instruments not recorded at fair value, the notes to financial statements disclose the estimate of their fair value. Due to the judgments and uncertainties involved in the estimation process, the estimates could result in materially different results under different assumptions and conditions.

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SELECTED FINANCIAL DATA

The following summary data is based in part on the consolidated financial statements and accompanying notes, and other information appearing elsewhere in this Form 10-Q.

	At or for the Three Months Ended March 31, 2014	2013
PER COMMON SHARE DATA		
Net earnings, diluted	$ (0.04)	$ 0.42
Total common book value	26.99	26.68
Dividends	0.18	0.18
Common stock price:		
High	27.28	26.01
Low	23.95	23.38
Close	25.88	25.54
PERFORMANCE RATIOS		
Return on average assets	(0.08)%	0.80%
Return on average common equity	(0.64)	6.28
Net interest margin, fully taxable equivalent	3.35	3.73
Fee income/Net interest and fee income	22.84	25.63
ASSET QUALITY RATIOS		
Net charge-offs (current quarter annualized)/average loans	0.30%	0.23%
Allowance for loan losses/total loans	0.79	0.86
CONDITION RATIOS		
Stockholders equity to total assets	11.27%	12.85%
Investments to total assets	19.05	12.65
Loans/deposits	101	95
FINANCIAL DATA: *(In millions)*		
Total assets	$ 6,010	$ 5,245
Total earning assets	5,408	4,646
Total loans	4,243	3,889
Allowance for loan losses	34	33
Total intangible assets	280	273
Total deposits	4,219	4,101
Total borrowings	1,026	399
Total common stockholders equity	678	674
FOR THE PERIOD: *(In thousands)*		
Net interest income	$ 42,766	$ 41,937
Non-interest income	4,423	14,798
Provision for loan losses	3,396	2,400
Non-interest expense	45,360	39,483
Net (loss) income	(1,106)	10,465

(1) All performance ratios are annualized and are based on average balance sheet amounts, where applicable.

(2) Tangible common stockholders equity to tangible assets excludes goodwill and other intangibles. This is a non-GAAP financial measure that the Company believes provide investors with additional information that is useful in understanding our financial performance and condition.

(3) Generally accepted accounting principles require that loans acquired in a business combination be recorded at fair value, whereas loans from business activities are recorded at cost. The fair value of loans acquired in a business combination includes expected loan losses, and there is no loan loss allowance recorded for these loans at the time of acquisition. Accordingly, the ratio of the loan loss allowance to total loans is reduced as a result of the existence of such loans, and this measure is not directly comparable to prior periods. Similarly, net loan charge-offs are normally reduced for loans acquired in a business combination since these loans are recorded net of expected loan losses. Therefore, the ratio of net loan charge-offs to average loans is reduced as a result of the existence of such loans, and this measure is not directly comparable to prior periods. Other institutions may have loans acquired in a business combination, and therefore there may be no direct comparability of these ratios between and among other institutions.

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AVERAGE BALANCES AND AVERAGE YIELDS/RATES

The following table presents average balances and an analysis of average rates and yields on an annualized fully taxable equivalent basis for the periods included.

	Three Months Ended March 31,					
	2014			2013		
($ In millions)		Average Balance	Yield/Rate (FTE basis)		Average Balance	Yield/Rate (FTE basis)
Assets						
Loans:						
Residential mortgages	$	1,379	4.12%	$	1,291	4.04%
Commercial real estate		1,420	4.44		1,407	5.45
Commercial and industrial loans		685	3.97		601	4.40
Consumer loans		700	3.56		645	4.94
Total loans		4,184	4.13		3,944	4.75
Investment securities (2)		1,048	3.04		591	3.04
Short term investments and loans held for sale		28	1.51		98	1.83
Total interest-earning assets		5,260	3.89		4,633	4.51
Intangible assets		278			273	
Other non-interest earning assets		313			334	
Total assets	$	5,851		$	5,240	
Liabilities and stockholders equity						
Deposits: (5)						
NOW	$	410	0.15%	$	369	0.29%
Money market		1,490	0.37		1,477	0.39
Savings		464	0.16		442	0.18
Time		1,070	1.15		1,148	1.23
Total interest-bearing deposits		3,434	0.56		3,436	0.63
Borrowings and notes (4)		912	1.03		424	3.43
Total interest-bearing liabilities		4,346	0.66		3,860	0.94
Non-interest-bearing demand deposits		750			646	
Other non-interest earning liabilities		63			68	
Total liabilities		5,159			4,574	
Total stockholders equity		692			666	
Total liabilities and stockholders equity	$	5,851		$	5,240	
Net interest spread			3.23%			3.57%
Net interest margin			3.35			3.73
Cost of funds			0.56			0.81
Cost of deposits			0.46			0.53
Supplementary data						
Total deposits (In millions)	$	4,184		$	4,082	
Fully taxable equivalent income adj. (In thousands)		718		$	629	

(1) The average balances of loans include nonaccrual loans and deferred fees and costs.

(2) The average balance for securities available for sale is based on amortized cost. The average balance of equity also reflects this adjustment.

(3) Interest income on loans held for sale is included in loan interest income on the income statement.

(4) The average balances of borrowings includes the capital lease obligation presented under other liabilities on the consolidated balance sheet.

(5) The average balances of deposits include the deposits held for sale presented under other liabilities on the consolidated balance sheet.

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SUMMARY

Summary: On January 17, 2014, Berkshire completed the acquisition of 20 branches in Central New York and assumed $440 million in deposits. Berkshire had 90 branch offices at the conclusion of the quarter. Following the acquisition, Berkshire extinguished certain borrowings and terminated the related cash flow hedges. Additionally, acquired funds were used to purchase investment securities and to support loan growth.

First quarter financial highlights are shown below. References to linked quarter refer to fourth quarter, 2013.

- 7% increase in net interest income, compared to linked quarter
- 14% increase in fee income, compared to linked quarter
- 9% annualized increase in commercial loans
- 11% annualized increase in consumer loans
- 10% increase in deposits, including acquired branches
- 3.35% net interest margin, increased from 3.26% in the linked quarter
- 0.46% non-performing assets/total assets
- 0.30% net loan charge-offs/average loans

The Company recorded a loss of $1.1 million ($0.04 per share) in the first quarter of 2014, compared to a net profit of $10.5 million ($0.42 per share) both in the linked quarter and in the first quarter of 2013.

Due to the branch acquisition, the Company recorded a number of charges including transaction costs, integration costs, and costs for the termination of interest rate swaps. The Company also recorded charges for restructuring activities, systems conversions, and an out-of-period accounting adjustment. The Company views these charges as non-core and not representative of ongoing operating activities. The total amount of these net non-core charges was $16.4 million, or $11.5 million on an after-tax basis ($0.46 per share) in the most recent quarter. The $8.8 million charge ($0.25 per share after tax) realized due to the swap termination charges had no material impact on shareholders equity, since the unrealized fair market value losses were already recorded in equity. Net non-core charges in the first quarter of 2013 totaled $5.1 million ($0.12 per share after tax) due to acquisition charges related to the integration of the operations of Beacon Federal Bancorp which was acquired in October, 2012.

Excluding all net non-core charges, the Company recorded core earnings of $10.4 million ($0.42 per share) in the most recent quarter, compared to $13.5 million ($0.54 per share) in the first quarter of 2013. The Company s measures of net non-core charges, core earnings, and core earnings per share are non-GAAP financial measures that the Company uses to assess its ongoing operating activities. They are further explained and reconciled below. Compared to the first quarter of 2013, the Company s core earnings decreased due primarily to lower income on real estate related loans resulting from interest rate related market shifts in 2013. This included decreases in interest income on commercial real estate loans, loan fee income, and mortgage banking income.

In the most recent quarter, the Company promoted Josephine Iannelli to the position of Executive Vice President, Chief Financial Officer. Ms. Iannelli joined the Company in March 2013 as Senior Vice President, Chief Accounting Officer. In July 2013 she was promoted to Principal Accounting Officer and had been providing interim financial leadership since that time. During the quarter, the Company also appointed Richard Thevenet as Senior Vice President and Treasurer. Mr. Thevenet joined the Company from M&T Bank and previously served as Treasurer of Mastercard International and of MBIA, Inc. Additionally, the Company recruited Scott Houghtaling as Senior Vice President and New York Commercial Leader. He joined Berkshire from RBS Citizens, where he was Senior Vice President, Team Leader managing a $950 million portfolio focused on Not-for-Profit and Healthcare customers in New York. He joined Citizens Bank in 2003 in their middle market banking group and previously worked for JPMorgan Chase and Fleet Bank in relationship management and credit roles based in Albany.

On March 31, 2014, the Company filed an application to become a bank holding company with the Federal Reserve Board in order to change its federal charter from a savings and loan holding company to a bank holding company in preparation for a prospective change of Berkshire Bank s state charter from a savings bank to a trust company which is the charter commonly used by commercial banks chartered in Massachusetts. The Company s federal regulator as a bank holding company would continue to be the Federal Reserve Board. Additional information about these charter changes was provided in the Company s 2013 Form 10-K filed with the SEC. The Company expects to complete these changes in 2014, subject to regulatory approval.

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NON-GAAP FINANCIAL MEASURES

This document contains certain non-GAAP financial measures in addition to results presented in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP measures are intended to provide the reader with additional supplemental perspectives on operating results, performance trends, and financial condition. Non-GAAP financial measures are not a substitute for GAAP measures; they should be read and used in conjunction with the Company s GAAP financial information. A reconciliation of non-GAAP financial measures to GAAP measures is provided below. In all cases, it should be understood that non-GAAP operating measures do not depict amounts that accrue directly to the benefit of shareholders. An item which management deems to be non-core and excludes when computing non-GAAP operating earnings can be of substantial importance to the Company s results for any particular quarter or year. The Company s non-GAAP operating earnings information set forth is not necessarily comparable to non-GAAP information which may be presented by other companies. Each non-GAAP measure used by the Company in this report as supplemental financial data should be considered in conjunction with the Company s GAAP information.

The Company utilizes the non-GAAP measure of core earnings in evaluating operating trends. This measure excludes amounts designated as non-core which the Company views as unrelated to its normalized operations, including securities gains/losses, losses recorded for hedge terminations, acquisition costs, restructuring costs, systems conversion costs, and out-of-period adjustments. Non-core adjustments are presented net of estimated income tax expense or benefit. The Company also calculates core earnings per share based on its measure of core earnings. The Company views these amounts as important to understanding its operating trends, particularly due to the impact of accounting standards related to merger and acquisition activity. Analysts also rely on these measures in estimating and evaluating the Company s operating performance. Management also believes that the computation of non-GAAP core earnings and core earnings per share may facilitate the comparison of the Company to other companies in the financial services industry.

Charges related to merger and acquisition activity consist primarily of severance/benefit related expenses, contract termination costs, and professional fees. The hedge termination costs were as a result of the branch acquisition in the first quarter of 2014 and were therefore designated as non-core. Systems conversion costs relate primarily to the Company s core systems conversion and systems conversions costs in conjunction with this which have been recorded in recent periods. Restructuring costs primarily consist of employee severance costs, and costs and losses associated with the disposition of assets which were undertaken as a project to right-size expenses following a decline in revenue in 2013. Out-of-period accounting adjustments for interest income on acquired loans were recorded following systems conversions and acquisition related accounting activity and were deemed non-core. Non-core expenses include variable rate compensation related to non-core items. The Company evaluates GAAP, core, and non-core items to analyze its effective tax rate and to arrive at core income that is net of an effective core tax rate which is consistent with its analysis of expected core tax items for the year.

The Company also adjusts certain equity related measures to exclude intangible assets due to the importance of these measures to the investment community. The Company assesses tangible book value per share which is commonly evaluated as a component of the analysis of stock price. The ratio of tangible equity/tangible assets is regularly considered as a measure of balance sheet leverage.

The following table summarizes the reconciliation of non-GAAP items recorded for the time periods and dates indicated:

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(Dollars in thousands)		For the Three Months Ended March 31, 2014	2013
Net income (GAAP)		$ (1,106)	$ 10,465
Non-GAAP measures			
Adj: Gain on sale of securities, net		(34)	
Adj: Loss on termination of hedges		8,792	
Adj: Acquisition, restructuring and conversion related expenses (1)		6,302	5,064
Adj: Out-of-period adjustment (2)		1,381	
Adj: Income taxes (3)		(4,923)	(2,042)
Net non-core charges		11,518	3,022
Total core income (non-GAAP)	(A)	$ 10,412	$ 13,487
Net earnings per share, diluted (GAAP)		$ (0.04)	$ 0.42
Non-core earnings per share, diluted		0.46	0.12
Core earnings per share, diluted (non-GAAP)	(A/G)	$ 0.42	$ 0.54
Average diluted shares outstanding *(thousands)* (GAAP)		24,698	25,143
Adj: dilutive potential common shares outstanding *(thousands)* (4)		135	
Average core diluted shares outstanding *(thousands)* (5) (non-GAAP)	(G)	24,833	25,143
(Dollars in millions, except per share data)			
Total assets, period-end (GAAP)		$ 6,010	$ 5,245
Less: intangible assets, period-end		280	273
Total tangible assets, period-end (non-GAAP)		$ 5,730	$ 4,972
Total stockholders equity, period-end (GAAP)		$ 678	$ 674
Less: intangible assets, period-end		280	273
Total tangible stockholders equity, period-end (non-GAAP)		$ 398	$ 401

(1) Acquisition, restructuring, conversion and other related expenses in 2014 includes $3.6 million in acquisition expenses and $2.7 million of restructuring, conversion and other expenses. Expenses in 2013 were due to the integration of operations following the Beacon Federal acquisition in October 2012.

(2) The out of period adjustments shown above relate to interest income earned on loans acquired in bank acquisitions.

(3) The Company evaluates its non-core items to arrive at an effective non-core tax rate which is consistent with the Company s overall tax rate analysis.

(4) Dilutive potential common shares outstanding includes the number of additional common shares that would have been outstanding from the assumption that options were exercised, and that other shares were issued upon the satisfaction of certain conditions.

(5) Average diluted shares computed for core earnings per share differ from GAAP average diluted shares due to the GAAP net loss compared to core net income for the period.

COMPARISON OF FINANCIAL CONDITION AT MARCH 31, 2014 AND DECEMBER 31, 2013

Summary: Berkshire increased its total assets by $338 million (6%) in the most recent quarter due to growth in loans and investment securities. Acquired deposits were used to repay borrowings and to fund asset growth. At quarter-end, measures of asset quality, liquidity, interest rate sensitivity, and capital remained within targets.

Securities: Total securities increased by $275 million to $1.145 billion during the first quarter. Growth consisted primarily of available for sale medium term U.S. agency collateralized mortgage-backed securities, along with municipal bonds and corporate equities. Due to the decrease in medium term interest rates during the quarter, the net unrealized loss on marketable investment securities decreased to $2.2 million (0.2% of the total) compared to $8.5 million (1.0% of the total) at year-end 2013. Securities purchased in the most recent quarter had an average yield of approximately 3.4% and the debt securities had an average life of approximately 7.3 years. Including the benefit of these higher yielding securities purchased during the quarter, the overall portfolio yield increased to

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3.04% from 2.72% in the linked quarter and equaling the 3.04% yield in the first quarter of 2013. This included the benefit of a $0.4 million recovery on the prepayment of a discounted security acquired in a bank acquisition. At quarter-end, the average yield of the bond portfolio was 2.83% compared to 2.68% at the start of the quarter. During the quarter, the effective duration decreased slightly to 4.5 years from 4.7 years, while the average life extension risk in an up 300 interest rate change scenario was modeled at 1.8 years compared to 1.4 years at the start of the quarter. During the most recent quarter, the Company did not record any write-downs of investment securities and none of the Company s investment securities were classified as other-than-temporarily impaired. Securities with unrealized losses decreased to $14 million from $18 million. Detail on these securities, including one security with a $1.2 million unrealized loss, is included in the Securities note in the consolidated financial statements. At period-end, all material available for sale debt securities carried at least one investment grade rating by a major rating agency except for the above security. The Company s held to maturity securities are generally unrated local securities, all of which are performing and none of which is deemed criticized according to the Company s internal ratings systems.

Loans. Total loans increased by $62 million (6% annualized) to $4.24 billion, including 9% annualized commercial loan growth and 11% annualized consumer loan growth. This follows the trend of double digit annualized growth in these loans reported in prior quarters. Most of the total loan growth was recorded in the final month of the quarter. The balance of loans from business activities increased by 4% to $3.29 billion and the balance of loans acquired in business combinations decreased by 5% to $0.96 billion.

All regions contributed to commercial loan originations, with strong contributions from Western New England and Central and Eastern Massachusetts. Berkshire is building business loan volume in its markets while it targets relationships with middle market customers who require a full range of products and services provided by a responsive local banking partner. The $49 million increase in commercial loans consisted primarily of a $40 million increase in commercial real estate loans and a $17 million increase in asset based lending balances. At quarter-end, the pipeline of commercial loan originations commitments totaled $142 million, compared to $152 million at the start of the quarter.

The decline in residential mortgages primarily reflected the seasonally lower mortgage production as well as the sale of $17 million in existing mortgage loans. Consumer loan growth was primarily in automobile loans reflecting continued expansion by the Syracuse based consumer team.

The loan yield was 4.13% in the most recent quarter, compared to 4.26% in the linked quarter and to 4.75% in the first quarter of 2013. The loan yield included purchased loan accretion, which included recoveries on the collection of purchased credit impaired loans. By comparison, the loan yield was 3.99% in the most recent quarter, compared to 4.02% in the linked quarter, before the impact of purchased loan accretion. This reduction reflected the improving quality of the portfolio and the shift away from commercial real estate loans with higher yields, as well as the decrease in acquired loans including collections of higher yielding purchased credit impaired loans. The percentage of loans with pricing adjusting within one year increased by 1% to 33% during the most recent quarter, while the percentage of loans repricing after five years decreased by 3% to 36%.

At period-end, the remaining carrying balance of purchased credit impaired loans was $24 million and the contractual amount owed on these loans was $45 million. The comparable measures at year-end 2013 were $30 million and $53 million, respectively. The balance of accretable yield on these loans increased to $3.2 million from $2.6 million during the quarter, including a credit of $1.5 million transferred from non-accretable discount for loans with improved cash flows, which was partially offset by accretion of $0.9 million recorded during the quarter.

***Asset Quality*.** Acquired loans are recorded at fair value and are categorized as performing regardless of their payment status. Therefore, some overall portfolio measures of asset performance are not comparable between periods or among institutions as a result of recent business combinations. Asset performance metrics remained favorable during the first quarter of 2014. Annualized net loan charge-offs measured 0.30%

of average loans. Compared to the start of the quarter, quarter-end non-performing assets decreased to 0.46% of total assets from 0.53%, and accruing delinquent loans decreased to 0.59% of total loans from 0.73%. Loans which became non-accruing totaled $4 million during the quarter, which was down from the range of $6-9 million in several previous quarters.

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Loan Loss Allowance. The determination of the allowance for loan losses is a critical accounting estimate. The Company considers the allowance for loan losses appropriate to cover probable losses which can be reasonably estimated in the loan portfolio as of the balance sheet date. Under accounting standards for business combinations, acquired loans are recorded at fair value with no loan loss allowance on the date of acquisition. A loan loss allowance is recorded by the Company for the emergence of new probable and estimable losses on acquired loans which were not impaired as of the acquisition date. Because of the accounting for acquired loans, some measures of the loan loss allowance are not comparable to periods prior to the acquisition date.

The total amount of the loan loss allowance increased by $0.3 million to $33.6 million in the first quarter of 2014. The ratio of the allowance to total loans decreased to 0.79% from 0.80% during the quarter. For loans from business activities, this ratio decreased to 0.89% from 0.93%, while the allowance on acquired loans increased to 0.44% from 0.38%. At quarter-end, the allowance provided 2.7X coverage of first quarter annualized net charge-offs and 1.3X coverage of period-end non-accrual loans. The credit risk profile of the Company s loan portfolio is described in the Loan Loss Allowance note in the consolidated financial statements. The Company s risk management process focuses primary attention on loans with higher than normal risk, which includes loans rated special mention and classified (substandard and lower). These loans are referred to as criticized loans. Criticized loans were reduced in the first quarter of 2014 to $161 million (2.7% of assets) from $165 million (2.9% of assets).

The Company views its potential problem loans as those loans from business activities which are rated as classified and continue to accrue interest. These loans have a possibility of loss if weaknesses are not corrected. Classified loans acquired in business combinations are recorded at fair value and are classified as performing at the time of acquisition and therefore are not generally viewed as potential problem loans. Potential problem loans increased by $1 million to $72 million during the quarter. There were no significant changes in the composition of non-accruing and potential problem assets during the quarter. The Company s evaluation of its credit risk profile also compares the amount of criticized assets to the total of the Bank s Tier 1 Capital plus the loan loss allowance. This ratio declined by 1% to 36% during the most recent quarter.

Other Assets. Goodwill and intangible assets increased due to the branch acquisition, including $8 million in goodwill and a $3 million core deposit intangible recorded for that transaction. The deferred tax asset decreased by $11 million to $40 million during the quarter.

Deposits. Total deposits increased by $370 million (10%) to $4.219 billion during the first quarter. Deposits added from the New York branch acquisition were recorded at $440 million and acquired balances were retained during the quarter. Acquired deposits included $110 million in demand deposits, $80 million in NOW accounts, $124 million in money market deposits, $36 million in savings accounts, and $90 million in time deposits. Excluding acquired deposits, all other deposits decreased by $70 million during the quarter. The Company adjusted its funding strategies in conjunction with the deposit acquisition, de-emphasizing select municipal deposit sources and other higher cost deposits. The change in total deposits also reflected seasonal factors. Berkshire s ongoing development of consumer relationships was demonstrated by a 5% organic increase in personal demand deposit balances, excluding acquired balances. Due to the deposit growth, the loans/deposits ratio decreased to 101% from 109% during the quarter. The average cost of deposits decreased to 0.46% in the most recent quarter, compared to 0.53% in the linked quarter and in the first quarter of 2013. This reduction included the benefit of the acquired deposits, which had a 0.16% cost during the quarter. Excluding the acquired balances, the average cost of deposits was approximately 0.48% during the quarter.

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Borrowings. Total borrowings decreased by $38 million to $1.026 billion in the first quarter of 2014. The $440 million in funds received for acquired deposits was initially utilized to reduce FHLBB borrowings, including $215 million in three month revolving advances that the Company elected to extinguish. The Company terminated all of its cash flow interest rate swaps which were related to these three month revolving advances and which had a total notional balance of $410 million including both currently effective and forward starting swaps. During the quarter, the Company borrowed new short term advances to fund growth in earning assets. Including the benefit of the borrowings and hedges restructuring, the interest expense for borrowings decreased by $1.3 million compared to the linked quarter and the first quarter of 2013. The cost of borrowings decreased to 1.03% in the most recent quarter, compared to 1.69% in the linked quarter and to 3.43% in the first quarter of 2013.

Derivative Financial Instruments and Hedging Activities. The notional value of derivatives totaled $805 million at March 31, 2014. There was little change in economic hedges and non-hedging derivatives; these financial instruments are related to interest rate contracts with commercial and residential mortgages customers. Cash flow hedges decreased to $315 million from $425 million. In the above discussion about borrowings, it was noted that all of the $410 million in starting cash flow hedges on FHLBB borrowings were terminated. During the quarter, the Company entered into $300 million in new hedges on new borrowings with different characteristics. The terminated swaps included, as of the beginning of the quarter, $150 million currently paying at a rate of 2.61% with a weighted average maturity of 2.5 years and $260 million which were forward starting with, on average, a rate of 1.88% and a three year swap period beginning in mid 2015 and an average maturity of 4.5 years. The Company entered into $300 million in new forward starting three year cash flow swaps on different FHLBB borrowings which start in the first half of 2016 with an average pay rate of 2.29% and a three year swap period and an average maturity of 5.0 years.

Stockholders Equity. Stockholders equity totaled $678 million at March 31, 2014 and was unchanged from the start of the quarter. The $6.2 million after-tax charge to income for the swap terminations was generally offset by a credit to other comprehensive income. The benefit of income before this charge was mostly offset by the $4.6 million dividend payout. The Company repurchased 100 thousand shares which mostly offset the impact of 126 thousand shares issued in stock grants. The Company issues long term equity compensation each year in the first quarter subject to three year time and performance vesting terms. The 2014 grant was reduced from the 146 thousand share grant issued in the prior year.

Due to the deposit acquisition and loan growth the ratio of equity to assets decreased to 11.3% from 12.0% during the first quarter. The ratio of tangible equity to tangible assets decreased to 6.9% from 7.5%. Tangible equity is a non-GAAP financial measure commonly used by investors and it excludes goodwill and other intangible assets. Tangible book value per share decreased to $15.84 from $16.27, while book value per share decreased to $26.99 from $27.08. Berkshire Bank s total risk based capital ratio decreased to 11.2% from 11.6% and its Tier 1 risk based capital ratio decreased to 9.5% from 10.0%. The Company is a savings and loan holding company and is not subject to specific regulatory capital requirements. Subject to regulatory approval, the Company expects to convert to a bank holding company and would be subject to bank holding company capital requirements. At quarter-end, the Company estimated that its consolidated holding company capital measures were consistent with a Well Capitalized status for the holding company.

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COMPARISON OF OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

Summary: Berkshire s results in 2014 included the New York branch operations acquired on January 17, 2014. As a result, many measures of revenue, expense, income, and average balances increased compared to prior periods. As noted previously, Berkshire uses certain non-GAAP measures related to core income and in order to supplement its evaluation of its operating results.

During 2013, results were adversely affected by events in the first half of the year. An industry-wide downturn in mortgage banking revenues began near midyear due to a sharp increase in long term interest rates. Additionally, commercial lending revenues were adversely impacted by accelerated outplacements of acquired impaired and non-relationship loans due to institutional demand for these lower quality assets, which were primarily commercial real estate loans. The near term impact of these events was partially offset by recoveries recorded to interest income through purchased loan accretion for collections of acquired impaired loans. In response to these events, management initiated a restructuring program in the second half of the year, recording restructuring charges and lowering ongoing operating expenses. References to the linked quarter in this discussion are intended to show recent trends in improving revenues and core earnings.

The Company recorded a loss of $1.1 million ($0.04 per share) in the first quarter of 2014, compared to a net profit of $10.5 million ($0.42 per share) both in the linked quarter and in the first quarter of 2013. Due to the loss, the Company s diluted shares were equal to its basic shares for the most recent quarter. As previously discussed, the Company recorded charges of $0.46 per share in the most recent quarter that it deemed as non-core and its measure of core earnings per share was $0.42 before these charges. The Company s goal is that the acquired New York branches will be accretive to its future earnings but the Company estimated that there was no accretive benefit in the first quarter, as acquired operations were being integrated and balance sheet strategies were being implemented for acquired funds.

Revenue. Total net revenue decreased to $47.2 million in the most recent quarter due primarily to the $8.8 million charge for the loss on termination of hedges. For illustrative purposes, net revenue before this charge was $56.0 million which was an increase compared to the linked quarter and a decrease from $56.7 million in the first quarter of 2013 as the decrease in real estate loan related revenue more than offset the revenue from acquired branch operations. Annualized revenue per share was $7.64 in the most recent quarter compared to $8.94 in the linked quarter and $9.03 in the first quarter of 2013. Measured before the charge for the swap termination, annualized revenue was $9.07 in the most recent quarter.

Net Interest Income. Net interest income increased by $2.9 million (7%) compared to the linked quarter and by $0.8 million (2%) compared to the first quarter of 2013. Growth in net interest income has included the benefit of growth from business development as well as the branch acquisition. Berkshire s goal is to generate ongoing growth in net interest income, driven by market share gains in loan volume. Together with accompanying growth in fee income, this is intended to produce growth in net income and profitability metrics.

Business combinations in recent years have included the recording of credit related net discounts primarily on impaired commercial loans. Purchased loan accretion has been credited to net interest income based on expected loan lives, together with recoveries from the disposition of impaired loans. Purchased loan accretion totaled $1.4 million in the most recent quarter, compared to $2.4 million in the linked quarter and to $3.8 million in the first quarter of 2013. Purchased loan accretion in the most recent quarter included $2.1 million in recoveries from the collection of purchased credit impaired loans and was net of a $1.4 million out of period adjustment. The $3.2 million balance of accretable yield at quarter-end was expected to be recorded to net interest income over the next several quarters based on existing amortization schedules.

Average earning assets increased by 7% compared to the linked quarter and by 14% compared to the first quarter of 2013 due to growth in loans and securities. The net interest margin measured 3.35% in the most recent quarter, compared to 3.26% in the linked quarter and to 3.73% in the first quarter of 2013. For illustrative purposes, before the benefit of purchased loan accretion, the margin was 3.24%, 3.07%, and 3.39% in these periods respectively. The decrease compared to last year was due to ongoing compression of loan yields which has not been fully offset by reductions in funds costs. Berkshire maintains a close focus on its loan and deposit pricing disciplines to lessen the impact of market yield compression. The improvement in the margin compared to the linked quarter was due primarily to the branch acquisition, including the low cost acquired deposits as well as the reduction in borrowings interest expense due to the borrowings and swaps restructuring. Borrowings interest expense decreased by $1.3 million compared to the linked quarter and the first quarter of 2013, which contributed approximately a 0.10% benefit to the margin in the first quarter of 2014.

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Non-Interest Income. Non-interest income decreased in the most recent quarter due primarily to the $8.8 million charge for the loss on termination of swap hedges. Most non-interest income consists of fee income, which totaled $12.7 million in the most recent quarter. Fee income increased by $1.6 million (14%) from the linked quarter due to seasonal insurance revenue and the benefit of the acquired branch operations. Fee income decreased by $1.8 million (12%) from the first quarter of 2013 due to a $1.5 million decrease in loan fee income and a $1.8 million decrease in mortgage banking income. The decrease in loan fees included a $0.8 million decrease in seasoned loan sale gains and the mortgage banking fees reflected lower originations volume due to an increase in mortgage rates from near record lows. The $1.2 million (28%) increase in deposit fee income was due to the acquired branch operations. Annualized deposit related fees increased to 0.52% of average deposit balances in the most recent quarter from 0.42% in the first quarter of 2013 due to the higher fee service penetration of the acquired deposits. Insurance fees increased by $0.1 million (2%) and wealth management fees increased by $0.3 million (13%) due to improved pricing and volume. First quarter insurance revenue includes the seasonal benefit of annual contingency payments by insurance carriers. Wealth management revenue includes seasonal tax preparation fees and benefited from improved securities market prices on which revenues are based. Wealth management new business was generated at a 9% annualized rate in the most recent quarter, and assets under management totaled $1.3 billion at quarter-end.

Loan Loss Provision. The provision for loan losses is a charge to earnings in an amount sufficient to maintain the allowance for loan losses at a level deemed adequate by the Company as an estimate of the probable and estimable loan losses in the portfolio as of period-end. The level of the allowance is a critical accounting estimate, which is subject to uncertainty. The level of the allowance was included in the discussion of financial condition. The provision increased to $3.4 million in the most recent quarter from $3.1 million in the linked quarter and $2.4 million in the first quarter of 2013. The provision exceeded the level of net loan charge-offs, resulting in an increase in the total allowance for loan losses.

Non-Interest Expense and Income Tax Expense. First quarter non-interest expense increased from the linked quarter and from the first quarter of 2013 primarily due to acquisition, restructuring, and conversion expenses, together with the operating costs of the newly acquired branches. First quarter non-interest expense increased by $5.9 million to $45.4 million in 2014 compared to $39.5 million in 2013. Acquisition, restructuring, and conversion expenses increased by $1.2 million to $6.3 million from $5.1 million. In 2014, these charges included $3.6 million related to the branch acquisition and $2.7 million in restructuring and conversion expenses. The restructuring costs resulted from actions initiated in the third quarter of 2013 to reduce ongoing overhead following the decline in revenues. Conversion costs were from the final major systems project related to the core systems conversion. The charges in 2013 related primarily to the integration and systems conversion of the operations acquired with Beacon Federal Bancorp.

First quarter expenses include seasonally higher compensation and maintenance expenses. Full time equivalent staff totaled 1,050 at quarter-end, compared to 939 at year-end 2013 and to 1,004 at March 31, 2013. In addition to the staff related to the acquired branches, expense growth in the most recent quarter also included targeted investment in commercial and retail market teams. During the first quarter, the Company consolidated two of the 20 acquired branches along with two existing branches, and it opened a new branch in Loudonville, N.Y. The effective income tax rate was approximately 29% in the most recent quarter, unchanged from the 29% effective rate for the year 2013 and for the first quarter of 2013.

Results of Segment and Parent Operations. Berkshire Hills Bancorp (the Parent) has two subsidiary operating segments banking and insurance. Results in the banking segment generally followed the levels and trends of consolidated results, which have been previously discussed. In the insurance segment, first quarter net income decreased by $0.1 million to $0.4 million in 2014 compared to 2013 due to higher expenses. The Parent s loss primarily reflected changes in the Bank s operations.

Total Comprehensive Income. Total comprehensive income includes net income together with other comprehensive income/(loss). Total first quarter comprehensive income decreased by $4.5 million to $7.3 million in 2014 compared to $11.8 million in 2013 primarily due to the decrease in income before the charge for loss on termination of hedges in 2014.

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Explanation of Responses:

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Liquidity and Cash Flows. During the first quarter of 2014, acquired deposits were the primary source of funds and purchases of investment securities were the primary use of funds. Loan growth, reduced borrowings, and targeted deposit reductions were also uses of funds. Berkshire generally plans that over the medium term, deposit growth will be the primary source of funds and loan growth will be the primary use of funds. The Bank expects to further diversify its deposit sources including institutional and wholesale sources as part of the expansion of its liquidity management program. The Bank is also expanding its use of short term institutional borrowings and FHLBB borrowings will continue to be a significant source of liquidity for daily operations and borrowings targeted for specific asset/liability purposes. The Company also uses interest rate swaps in managing its funds sources and uses. At the end of the most recent quarter, the Company had approximately $631 million in borrowing availability with the Federal Home Loan Bank. This was increased from $416 million at the start of the quarter due to the added liquidity resulting from the branch purchase, including increased securities collateral and lower FHLBB borrowing balances.

Berkshire Hills Bancorp had a cash balance totaling $25 million as of March 31, 2014, which was on deposit with Berkshire Bank. The primary long run routine sources of funds for the Parent are expected to be dividends from Berkshire Bank and Berkshire Insurance Group, as well as cash from the exercise of stock options. There were no dividends paid from subsidiaries in the first quarter of 2014. The Parent also has a $10 million revolving line of credit provided by a correspondent bank. The primary long run uses of funds by the parent include the payment of cash dividends on common stock and debt service.

Capital Resources. Please see the Stockholders Equity section of the Comparison of Financial Condition for a discussion of stockholders equity together with the Stockholders Equity note to the consolidated financial statements. At March 31, 2014, Berkshire Bank continued to be classified as Well Capitalized. Additional information about regulatory capital is contained in the notes to the consolidated financial statements and in the 2013 Form 10-K.

As previously noted, the Company expects to change its charter from a savings and loan holding company to a bank holding company in 2014. With this charter change, the Company will become subjected to bank holding company regulatory capital requirements. The Company believes that its capital presently conforms to requirements for the Well Capitalized designation for a bank holding company and it does not expect any near term impact to its capital management as a result of this change.

Berkshire views its earnings and related internal capital generation as a primary source of capital to support dividends and growth of the franchise. Additionally, the Company generally uses the issuance of common stock as the primary source of consideration for bank acquisitions, and such acquisitions may result in net increases or decreases in its capital ratios. Berkshire s long term objective is to generate a double digit annual return on equity, and the Company evaluates lending, investment, and acquisition decisions with this objective as a benchmark. The Capital Committee of Berkshire s Board of Directors is responsible for assisting the Board in planning for future capital needs and for ensuring compliance with regulations pertaining to capital structure and levels. The Company believes that the market for its stock is an additional capital resource over the long run. Additionally, the Company continues to monitor market conditions for Tier Two regulatory capital such as preferred stock or subordinated debt, which are additional potential future capital resources to the Company and/or the Bank.

Off-Balance Sheet Arrangements and Contractual Obligations. In the normal course of operations, Berkshire engages in a variety of financial transactions that, in accordance with generally accepted accounting principles are not recorded in the Company s financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are used primarily to manage customers requests for funding and take the form of loan commitments and lines of credit. Further information about the Company s off-balance sheet arrangements is contained in the Company s 2013 Form 10-K and information relating to payments due under contractual obligations is presented in the 2013 Form 10-K. Information about derivative financial instruments and hedging activities is reported in the related footnote to the consolidated financial statements, and was included in management s discussion of changes in financial condition. There were no significant changes in off-balance sheet arrangements and contractual obligations during the first quarter of 2014.

Fair Value Measurements. The Company records fair value measurements of certain assets and liabilities, as described in the related note in the financial statements. There were no significant changes in the fair value measurement methodologies at March 31, 2014 compared to December 31, 2013. The Company compares the

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carrying value to fair value for major categories of financial assets and liabilities. The biggest difference relates to loans and normally varies inversely to the direction of longer term interest rates during the quarter. Due to the decrease in longer term interest rates in the first quarter of 2014, the excess of fair value over carrying value for net loans increased to $66 million at quarter-end from $7 million at the start of the quarter. This increase contributed to an increase in the net economic value of equity related to financial assets and liabilities based solely on the measures used for the purpose of this analysis.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the way that the Company measures market risk during the first quarter of 2014. For further discussion about the Company s Quantitative and Qualitative Aspects of Market Risk, please review Item 7A of the Report 10-K filed for the fiscal year ended December 31, 2013. Berkshire has a targeted position to maintain an asset sensitive interest rate risk profile, as measured by the sensitivity of net interest income to market interest rate changes. The Company measures this sensitivity primarily by evaluating the impact of ramped interest rate changes in the 12 month and 24 month time horizons.

During the first quarter, the Company acquired $440 million in deposits from the New York branch acquisition, which it views as a stable funds source. It increased its investment portfolio by $275 million with the purchase of mostly medium term securities while slightly reducing the average duration of the investment portfolio. The loan portfolio increased by $62 million and the repricing characteristics of the portfolio also shortened slightly. The Company terminated $410 million in currently active and forward starting fixed payment interest rate swaps with 3.8 year average maturities and entered into $300 million in new forward starting fixed payment swaps with 5.0 year average maturities. There was little change to near term and long term interest rate risk as a result of these changes. The asset sensitivity to a two year 100 basis point upward interest rate ramp was 3.7% of net interest income based on sensitivity in the second year of a ramp scenario. The Company expects to benefit initially from a gradual increase in interest rates in a future period as monetary policy is adjusted away from the sustained accommodation in recent years. The liability sensitivity of a 200 basis point upward interest rate ramp was increased from 0.6% to 3.0% of net interest income in the second year. The Company would expect to adjust its balance sheet composition to minimize any negative income impact in the anticipated environment of gradually rising short term rates further out in future periods. The economic value of equity at risk in an upward 200 basis point scenario became slightly less sensitive, with the modeled liability sensitivity decreasing to 9% from 10%. This sensitivity was expected to decrease further in the event that interest rates resulted in increased asset prepayment speed expectations.

ITEM 4. CONTROLS AND PROCEDURES

a) Disclosure controls and procedures.

The principal executive officers, including the principal financial officer, based on their evaluation of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that the Company s disclosure controls and procedures were effective.

b) Changes in internal control over financial reporting.

There were no changes in the Company s internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

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PART II

ITEM 1. LEGAL PROCEEDINGS

As of March 31, 2014, neither the Company nor the Bank was involved in any pending legal proceedings believed by management to be material to the Company s financial condition or results of operations. Periodically, there have been various claims and lawsuits involving the Bank, such as claims to enforce liens, condemnation proceedings on properties in which the Bank holds security interests, claims involving the making and servicing of real property loans and other issues incident to the Bank s business. However, neither the Company nor the Bank is a party to any pending legal proceedings that it believes, in the aggregate, would have a material adverse effect on the financial condition or operations of the Company.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

During the first quarter of 2014, the Company completed the acquisition and integration of 20 New York branches. The Company continues to face risk factors relating to customer retention and successful conduct of these new operations as described in the Form 10-K.

In 2014, the Company promoted its Senior Vice President, Chief Accounting Officer to the position of Chief Financial Officer and it recruited a new Treasurer. As noted in the Form 10-K, transitions in management introduce control risks to the operating environment.

Also in 2014, the Company initiated actions intended to result in charter changes for the Bank and the Company. The Company expects to complete these changes in 2014. The risk factors related to these events are further described in Item 1-A of Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) No Company unregistered securities were sold during the quarter ended March 31, 2014.
(b) Not applicable.
(c) The following table provides certain information with regard to shares repurchased by the Company in the first quarter of 2014.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
January 1-31, 2014		$		118,113
February 1-28, 2014	100,000	24.67		18,113
March 1-31, 2014				18,113
Total	100,000	$ 24.67		18,113

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On March 26, 2013, the Company announced that its Board of Directors authorized a new stock repurchase program, pursuant to which the Company may repurchase up to 500,000 shares of the Company s common stock, which represents approximately 2.0% of the Company s issued and outstanding shares. The timing of the purchases will depend on certain factors, including but not limited to, market conditions and prices, available funds, and alternative uses of capital. The stock repurchase program may be carried out through open-market purchases, block trades, negotiated private transactions and pursuant to a trading plan adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Any repurchased shares will be recorded as treasury shares. The program will continue until it is completed or terminated by the Board of Directors. The Company has no intentions to terminate this program or to cease any future potential purchases.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

3.1	Certificate of Incorporation of Berkshire Hills Bancorp, Inc. (1)
3.2	Amended and Restated Bylaws of Berkshire Hills Bancorp, Inc.(2)
4.1	Form of Common Stock Certificate of Berkshire Hills Bancorp, Inc. (1)
4.2	Note Subscription Agreement by and among Berkshire Hills Bancorp, Inc. and certain subscribers dated September 20, 2012 (3)
10.1	Amended and Restated Employment Agreement by and among Berkshire Bank, Berkshire Hills Bancorp, Inc. and Michael P. Daly (4)
10.2	Amended and Restated Supplemental Executive Retirement Agreement between Berkshire Bank and Michael P. Daly (5)
10.3	Three Year Executive Change in Control Agreement by and among Berkshire Bank, Berkshire Hills Bancorp, Inc. and George F. Bacigalupo (6)
10.4	Three-Year Executive Change in Control Agreement by and among Berkshire Bank, Berkshire Hills Bancorp, Inc. and Josephine Iannelli (6)
10.5	

	Amended and Restated Three Year Change in Control Agreement by and among Berkshire Bank, Berkshire Hills Bancorp, Inc. and Richard M. Marotta (7)
10.6	Amended and Restated Three Year Change in Control Agreement by and among Berkshire Bank, Berkshire Hills Bancorp, Inc. and Sean A. Gray (8)
10.7	Form of Split Dollar Agreement entered into with Michael P. Daly, Sean A. Gray, and Richard M. Marotta (9)
10.8	Non-Competition and Consulting Agreement by and among Berkshire Hills Bancorp, Inc., Berkshire Bank and J. Williar Dunlaevy, dated as of April 6, 2011 (10)
10.10	Berkshire Hills Bancorp, Inc. 2011 Equity Incentive Plan (11)
10.11	Berkshire Hills Bancorp, Inc. 2013 Equity Incentive Plan (12)
10.12	Legacy Bancorp, Inc. Amended and Restated 2006 Equity Incentive Plan (13)
10.13	Berkshire Bank 2013 Executive Short Term Incentive Plan (6)
11.0	Statement re: Computation of Per Share Earnings is incorporated herein by reference to Part II, Item 8, Financial Statements and Supplementary Data
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of

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	2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Statements of Condition, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders Equity, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to Consolidated Financial Statements tagged as blocks of text and in detail

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(1) Incorporated herein by reference from the Exhibits to Form S-1, Registration Statement and amendments thereto, initially filed on March 10, 2000, Registration No. 333-32146.
(2) Incorporated herein by reference from the Exhibits to the Form 8-K as filed on December 18, 2012.
(3) Incorporated by reference from the Exhibits to the Form 8-K as filed on September 26, 2012.
(4) Incorporated herein by reference from the Exhibits to the Form 8-K as filed on January 6, 2009.
(5) Incorporated herein by reference from the Exhibits to Form 10-K as filed on March 16, 2009.
(6) Incorporated herein by reference from the Exhibits to the Form 10-K as filed on March 17, 2014.
(7) Incorporated herein by reference from the Exhibits to the Form 10-K as filed on March 16, 2010.
(8) Incorporated herein by reference from the Exhibits to the Form 10-K as filed on March 16, 2011.
(9) Incorporated herein by reference from the Exhibit to the Form 8-K as filed on January 19, 2011.
(10) Incorporated herein by reference from the Exhibits to the Registration Statement on Form S-4 as filed on April 20, 2011, Registration No. 333-173404.
(11) Incorporated herein by reference from the Appendix to the Proxy Statement as filed on March 24, 2011.
(12) Incorporated herein by reference from the Appendix to the Proxy Statement as filed on April 2, 2013.
(13) Incorporated herein by reference from the Exhibits to the Form 8-K filed by Legacy Bancorp, Inc. on December 22, 2010.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HILLS BANCORP, INC.

Dated: May 12, 2014	By: /s/ Michael P. Daly Michael P. Daly Chairman, President and Chief Executive Officer
Dated: May 12, 2014	By: /s/ Josephine Iannelli Josephine Iannelli Executive Vice President, Chief Financial Officer